

## INFORMATIONAL STATEMENT FOR BUSINESSES, NONPROFIT ORGANIZATIONS AND FARMS

### Introduction

The property on which you now conduct your business is in an area to be improved with the assistance of the **Redevelopment Agency of the City of San Diego** ("Displacing Agency"). The Agency's plans require the acquisition of several land parcels and the relocation of existing commercial uses. You will be notified in a timely manner as to the date by which you must move.

Please read this information as it will be helpful to you in determining your eligibility and the amount of your relocation benefits under the federal and/or state law. We suggest you save this informational statement for reference.

This is not a notice to move. It is important that you do not move before you learn what you must do to receive relocation payments and other assistance to which you may be entitled. The Agency has retained the services of Overland, Pacific & Cutler, Inc. (OPC), a qualified professional relocation firm, to assist you. The firm is available to explain the program and benefits. Their address and telephone number is:



**Overland, Pacific & Cutler, Inc.**  
**3170 4<sup>th</sup> Avenue, Suite 200**  
**San Diego, California 92103**  
**Telephone: (619) 688-7980**

Spanish speaking representatives are available. **Si necesita esta información en Español, por favor llame a su representante.**

### Summary of Relocation Assistance

As an eligible displaced person, you will be offered appropriate financial and advisory assistance to help you relocate, including:

- A. Payment for your moving expenses. You will receive either:
  - A Payment for Actual Reasonable Moving and Related Expenses, or
  - A Fixed Payment In Lieu of a Payment for Actual Moving and Related Expenses
- B. Referrals to suitable replacement locations.
- C. Other help to reestablish your business and minimize the impact of the move including help in preparing claim forms to request relocation payments.

If you disagree with the Agency's decision as to your right to a relocation payment, or the amount of the payment, you may appeal that decision.

## **SOME GENERAL QUESTIONS**

### **How will I know I am eligible for relocation assistance?**

Ordinarily, eligibility begins on the date the owner of the property receives the Agency's initial written offer to purchase it. Therefore, you should not move before that date. If you do, you may not be eligible for relocation assistance.

### **How Will the Agency Know How Much Help I Need?**

You will be contacted at an early date and personally interviewed by a representative of the Agency to determine your needs and preferences for a replacement location and other services. The interviewer will ask questions about such matters as your space requirements. It is to your advantage to provide the information so that the Agency, through its relocation consultant, can assist you in moving with a minimum of hardship. The information you give will be kept in confidence.

### **How Soon Will I Have to Move?**

Every reasonable effort will be made to provide you with sufficient time to find and reestablish your business in a suitable replacement location. If possible, a mutually agreeable date for the move will be worked out. Unless there is an urgent need for the property (e.g., your occupancy would present a health or safety emergency), you will not be required to move without at least 90 days advance written notice. It is important, however, that you keep in close contact with the Agency so that you are aware of the time schedule for carrying out the project and the approximate date by which you will have to move.

### **I Own The Property, Will I Be Paid For It Before I Have To Move?**

If you reach a voluntary agreement to sell your property to the Agency, you will not be required to move before you receive the agreed purchase price. If the property is acquired through an eminent domain proceeding, you cannot be required to move before the estimated fair market value of the property has been deposited with the court. (You should be able to withdraw this amount immediately, less any amounts necessary to pay off any mortgage or other liens on the property and to resolve any special ownership problems. Withdrawal of your share of the money will not affect your right to seek additional compensation for your property).

### **Will I Have To Pay Rent To The Agency Before I Move?**

You may be required to pay a fair rent to the Agency for the period between the acquisition of your property and the date that you move. Your rent and the terms of your tenancy will be generally the same as in the prior arrangement.

### **How Will I Find A Replacement Location?**

The Agency will provide you with current and continuing information on available replacement locations that meet your needs. The Agency may also provide you with the names of real estate agents and brokers who can assist you in finding the type of replacement location you require. While the Agency will assist you in obtaining a suitable replacement location, you should take an active role in finding and relocating to a location of your choice. No one knows your needs better than you. You will want a facility that provides sufficient space for your planned activities. You will also want to ensure that there are no zoning or other requirements which will unduly restrict your planned operations. Ask the Agency to explain which kind of moving costs are eligible for repayment and which are not eligible. That will enable you to carry out your move in the most advantageous manner.

### **What Other Assistance Will be Available To Help Me?**

In addition to help in finding a suitable replacement location, other assistance, as necessary, will be provided by the Agency. This includes information on Federal, State, and local programs that may be of help in reestablishing a business. For example, the Small Business Administration (SBA) provides managerial and technical assistance to some businesses. There may also be a government grant or loan program which can help you reestablish your business. The Agency will assist you in applying for help available from government agencies. The range of services

depends on the needs of the business being displaced. You should ask the Agency representative to tell you about the specific services that will be available to you.

### **I Have A Replacement Location And Want To Move. What Should I Do?**

Before you make any arrangements to move, notify the Agency, in writing, of your intention to move. This should be done at least 30 days before the date you begin your move. The Agency will discuss the move with you and advise you of the relocation payment(s) for which you may be eligible, the requirements to be met, and how to obtain a payment.

### **I Plan To Discontinue My Business Rather Than Move. What Should I Do?**

If you have decided to discontinue your business rather than reestablish, you may still be eligible to receive a payment. Contact the Agency and discuss your decision to discontinue your business. You will be informed of the payment, if any, for which you may be eligible, the requirements to be met, and how to obtain your payment.

### **What Kinds of Payments For Moving Expenses Will I Receive?**

Every business is entitled to a relocation payment to cover the reasonable cost of moving. You may choose either:

- A. A **Payment For Actual Reasonable Moving and Related Expenses**, or
- B. A **Fixed Payment In Lieu of Moving and Related Expenses** (if you meet the eligibility requirements).

### **What is Payment For Actual Reasonable Moving And Related Expenses?**

If you choose a Payment For Actual Reasonable Moving And Related Expenses, you may claim the cost of:

- A. Transportation of personal property from your present location to the replacement location. (Generally, transportation costs are limited to a distance of 50 miles. If you plan to move beyond 50 miles, discuss your planned move with the Agency.)
- B. Packing, crating, uncrating, and unpacking personal property.
- C. Disconnecting, dismantling, removing, reassembling, and installing relocated and substitute machinery, equipment and other personal property. This includes connection to utilities available nearby and modifications necessary to adapt such property to the replacement structure or to the utilities or to adapt the utilities to the personal property. This includes alterations to the replacement structure required to reinstall machinery, equipment or other personal property
- D. Storage of personal property for a reasonable period of time, if required, at the Agency's discretion.
- E. Insurance of personal property in connection with the move and required storage and the replacement value of property lost, stolen, or damaged in the process of moving where insurance is not readily available.
- F. Any license, permit or certification required by the displaced business, to the extent that the cost is (1) necessary to its reestablishment at the replacement location and (2) does not exceed the cost for the remaining useful life of the existing license, permit, or certification.
- G. Reasonable and preauthorized professional services, including architect's, attorney's, and engineer's fees, and consultant's charges, necessary for (1) planning the move of the personal property, (2) moving the personal property, or (3) installing the relocated personal property at the replacement location.
- H. Relettering signs, printing replacement stationery made obsolete by the move and customer notifications.
- I. The reasonable cost incurred in attempting to sell an item that is not relocated.

- J. Actual direct loss of personal property. This payment provides compensation for property that is neither moved nor promptly replaced with a "substitute item" at the replacement location. Payment is limited to the lesser of: (1) the estimated cost of moving the property or (2) the fair market value of the property for its continued use at the old location, less any proceeds from its sale. To be eligible, you must make a good faith effort to sell the property, unless the Agency determines that such effort is not necessary.
- K. Purchase and installation of substitute personal property. Payment will be limited to the lesser of: (1) the estimated cost to move the item to the replacement location, or (2) the actual cost of the substitute item delivered and installed at the replacement location, less any proceeds from its sale or its trade-in value. It is important to discuss your plans with the Agency before you proceed.
- L. Searching for a replacement location. This payment may not exceed \$1,000.00 and may cover costs for:
- Transportation expenses
  - Time spent searching for a replacement location, based on a reasonable salary or earnings
  - Reasonable fees paid to real estate agents or brokers to find a replacement location (not fees related to the purchase of a site)
  - Meals and lodging away from home

The Agency representative will explain all eligible moving costs, as well as, those which are not eligible. You must be able to account for all costs that you incur; so keep all your receipts. The Agency will inform you of the documentation needed to support your claim.

You may minimize the amount of documentation needed to support your claim, if you elect to "self-move" your property. Payment for self-move is based on the amount of an acceptable low bid or estimate obtained by the Agency. If you self-move, you may move your personal property using your own employees and equipment or a commercial mover. If you and the Agency cannot agree on an acceptable amount to cover the cost of the "self-move," you will have to submit full documentation in support of your claim.

You may elect to pay your moving costs yourself and be reimbursed by the Agency or, if you prefer, you may have the Agency pay the mover directly. In either case, let the Agency know before you move. Select your mover with care. The Agency representative can help you select a reliable and reputable mover.

When a payment for "actual direct loss of personal property" or "substitute personal property" is made for an item, the estimated cost of moving the item may be based on the lowest acceptable bid or estimate obtained by the Agency. If not sold or traded-in, the item must remain at the old location and ownership of the item must be transferred to the Agency before you may receive the payment.

### **What are Reestablishment Expenses?**

A small business, farm or non-profit organization may be eligible to receive a payment of up to \$10,000 for expenses actually incurred in relocating and reestablishing such operation at a replacement site.

Eligible expenses must be reasonable and necessary, as determined by the Agency. They may include but are not limited to the following:

- A. Repairs or improvements to the replacement real property as required by federal, state or local law, code or ordinance.
- B. Modifications to the replacement property to accommodate the business operation or make replacement structures suitable for conducting the business.
- C. Construction and Installation costs for exterior signage to advertise the business.
- D. Provision of utilities from right-of-way to improvements on the replacement site.

- E. Redecoration or replacement of soiled or worn surfaces at the replacement site, such as paint, paneling or carpeting.
- F. Licenses, fees, and permits where not paid as part of moving expenses.
- G. Feasibility surveys, soil testing and marketing studies.
- H. Advertising of replacement location.
- I. Professional services in connection with the purchase or lease of a replacement site.
- J. Estimated increased costs of operation during the first 2 years at the replacement site, for such items as:
  - 1. Lease or rental charges
  - 2. Personal or real property taxes
  - 3. Insurance premiums, and
  - 4. Utility charges(excluding Impact fees)
- K. Impact fees or one-time assessments for anticipated heavy utility usage.
- L. Other items that the Agency considers essential to the reestablishment of the business.

**What Expenses Are Not eligible for Reestablishment Payment?**

The following is a non-exclusive listing of reestablishment expenditures not considered to be reasonable, necessary or otherwise eligible:

- A. Purchase of capital assets, such as, office furniture, filing cabinets, machinery or trade fixtures.
- B. Purchase of manufacturing materials, production supplies, product inventory, or other items used in the normal course of the business operation.
- C. Interior or exterior refurbishment at the replacement site, except as otherwise provided for under the business reestablishment payment.
- D. Interest costs associated with any relocation expense or the purchase of replacement property.
- E. Payment to a part-time business in the home which does not contribute materially to the household income.

**What is Fixed Payment In Lieu Of A Payment For Actual Reasonable Moving And Related Expenses?**

A Fixed Payment In Lieu Of A Payment For Actual Reasonable Moving And Related Expenses to a business or farm operation is based on the average annual net earnings of the business or farm operation. The payment to an eligible business or farm operation may not be less than \$1,000.00, nor more than \$20,000.00. The nonprofit organization may be eligible for a payment from \$1,000.00 to \$20,000.00 subject to the following:

A displaced nonprofit organization may choose a fixed payment as stated above if the Agency determines that it cannot be relocated without a substantial loss of existing patronage (membership or clientele.) A nonprofit organization is assumed to meet this test, unless the Agency demonstrates otherwise. Any payment in excess of \$1,000.00, must be supported with financial statements for the two 12 month periods prior to displacement. The amount to be used for the payment is the average of the last two (2) years annual net earnings. Documentation required may be income tax returns, certified financial statements and accounting records or other similar evidence acceptable to the Agency. To qualify for an In-Lieu payment:

A. A displaced **business**:

1. must own or rent personal property which must be moved in connection with the displacement and for which an expense would be incurred in such move, and the business vacates or relocates from its displacement site.
2. must be unable to relocate without a substantial loss of existing patronage.
3. must not be part of a commercial enterprise having more than one other entity which is not being acquired by the Agency, and which is under the same ownership and engaged in the same or similar business activities.
4. must not be operated at a displacement dwelling/site solely for the purpose of renting such dwelling/site to others.
5. must have contributed materially to the income of the displaced person during the two (2) taxable years prior to displacement.

B. A displaced **nonprofit organization** (1) must be unable to relocate without a substantial loss of its existing patronage; and, (2) must not be part of an enterprise having another establishment which is not being acquired by the Agency.

C. A displaced **farm operation** must meet certain minimum income requirements.

The average annual net earnings of a business or farm operation are one-half of its net earnings before Federal, State, or local income taxes during the two (2) taxable years immediately prior to the taxable year in which it was displaced. If not in business for a full two years prior to displacement, the net earnings shall be based on the actual period of operation at the acquired site projected to an annual rate. Average net earnings may be based on a different period of time when the Agency determines it to be more equitable. Net earnings include any compensation paid to the owners of the business, a spouse or dependents. The displaced person shall furnish the Agency proof of net earnings through income tax returns, certified financial statements, or other reasonable evidence which the Agency determines is satisfactory.

The Agency will inform you as to your eligibility for this payment and the documentation you must submit to support your claim. Remember, when you elect to take this payment you are not entitled to reimbursement for any other moving expenses.

**I Own An Outdoor Advertising Display. What Relocation Payment Will I Receive?**

As the owner of an outdoor advertising display, you are eligible for a Relocation Payment For Actual Reasonable Moving And Related Expenses. You are not eligible to receive a Payment In Lieu Of A Payment For Actual Reasonable Moving And Related Expenses.

If you choose not to relocate or replace the sign, the payment for "direct loss of personal property" would be the lesser of: (1) the depreciated reproduction cost of the sign, as estimated by the Agency, less the proceeds from its sale, or (2) the estimated cost of moving the sign without temporary storage. The Agency will inform you as to the exact costs that may be reimbursed.

**How do I File A Claim For A Relocation Payment?**

You must file a claim for a relocation payment. The Agency will provide you with the required claim forms, assist you in completing them, and explain the type of documentation that you must submit in order to receive your relocation payments. If you must pay any relocation expenses before you move (e.g., because you must provide a security deposit if you lease your new location), discuss your financial needs with the Agency. You may be able to obtain an advance payment. An advance payment may be placed in "escrow" to ensure that the move will be completed on a timely basis.

If you are a tenant, you must file your claim within 18 months after the date you move. If you own the property, you must file within 18 months after the date you move, or the date you receive the final acquisition payment, whichever is later. However, it is to your advantage to file as soon as possible after you move. The sooner you submit your claim, the sooner it can be processed and paid. If you are unable to file your claim within 18 months, the Agency may extend this period.

You will be paid promptly after you file an acceptable claim. If there is any question regarding your right to a relocation payment or the amount of the payment, you will be notified, in writing, of the problem and the action you may take to resolve the matter.

### **Appeals**

If you disagree with the Agency's decision as to your right to a relocation payment or the amount of payment, you may appeal the decision to the Agency. The Agency will inform you of its appeal procedures. At a minimum, you will have 18 months to file your appeal with the Agency. Your appeal must be in writing. However, if you need help, the Agency will assist you in preparing your appeal. If you are not satisfied with the final appeal decision, you may seek review of the matter by the courts.

### **Tax Status of Relocation Benefits**

Relocation benefit payments are not considered as income for the purpose of the Internal Revenue Code of 1986 or the Personal Income Tax Law, Part 10 (commencing with Section 17001) of Division 2 of the Revenue and Taxation Code, or the Bank and Corporation Tax law, Part 11(commencing with Section 23001) of Division 2 of the Revenue and Taxation Code. The preceding statement is not tendered as legal advice in regard to tax consequences, and displacees should consult with their own tax advisor or legal counsel to determine the current status of such payments.

### **Lawful Presence Requirement**

Pursuant to the Public Law 105-117 of 11-21-97, in order to be eligible to receive non-residential relocation benefits in federally-funded relocation projects, the owner of a sole proprietorship and all owners of a partnership must provide information regarding their lawful presence in the United States, and a for-profit or a non-profit corporation must certify that it is authorized to conduct business in the United States. Sole proprietorships or partnerships with owners who are not lawfully present in the United States or who decline to provide this information, may be denied relocation benefits. Relocation benefits will be prorated to reflect the number of owners with certified lawful presence in the US.

### **Additional Information**

If you have further questions after reading this brochure, contact Overland, Pacific & Cutler, Inc. and discuss your concerns with your relocation representative. You may wish to read the California Relocation Assistance Act regulations which describes the relocation process in more detail.